

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

RATE ADJUSTMENT OF KENTON)
COUNTY WATER DISTRICT) CASE NO. 8572

O R D E R

IT IS ORDERED that Kenton County Water District shall file an original and eight copies of the following information with the Commission, with a copy to the Attorney General's Consumer Protection Division by November 15, 1982. Include with each response, the name of the witness who will be available at the public hearing to respond to questions concerning each area of information provided. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case will be dismissed.

1. Provide a detailed analysis of the costs incurred for this rate case and the last general rate case. This analysis should include the amounts paid in salaries, fees, retainers, and expenses of counsel, accountants, engineers, clerks and witnesses, etc. The analysis should show the date, payee, dollar amount and a description of each expenditure.

2. In the staff request of August 12, 1982, Item 10, a comparative income statement, balance sheet and statement of

changes in financial position was requested for the test year and the 12-month period immediately preceding the test year shown in comparative form. However, this information was not furnished. Please submit this information.

3. In the staff request of August 12, 1982, Item 12, copies for any agreement for issues of long-term debt were requested. However, nothing was submitted for the notes payable or mortgage payable. Please submit any contract, agreement, etc., for these loans. If none exists, please so state. In addition, provide a breakdown as to interest and principal for each note for the test year. If an amortization table exists, please submit.

4. Differences were noted between the revenue and expense amounts on the income statement for the test year in Exhibit 10 of the application and those on the Consolidated Statement of Income for the test year in Item 5 of the staff request of August 12, 1982. Submit a reconciliation between the two statements.

5. Provide a breakdown of the following balance sheet accounts:

(a) Miscellaneous deferred debits	\$459,871
(b) Deferred Credits Independence City Water System	\$261,139

6. Provide an explanation for the decrease in interest income from the 12-months ended December 31, 1981, and the test year. Include a monthly analysis of interest income for the test year.

7. Provide an explanation for the large increase in administrative and general expenses from the 12-months ended December 31, 1981, and the test year.

8. A detailed depreciation schedule of all plant and facilities for the test year. The schedule should show the rates for each plant account, estimated service life in years, the method used, and the balance in each account.

9. The board resolution approving the 6 percent wage increase effective January 1, 1982. In addition provide any support for the 6 percent wage increase effective January 1, 1983.

10. Reconcile the difference between the gross salaries and wages of \$1,042,134 as shown on page 7 of Item 1 and the total salaries and wages of \$895,187 shown on page 1 and 2 of Item 7 of the staff request of August 12, 1982.

11. Provide the calculation in support of the decrease in payroll expenses. Explain all components used in the calculation and show each separately (i.e., FICA, Pension Plan, Unemployment, Workmen's Compensation, and City Taxes).

12. Describe in detail the coverages provided under the Company's hospitalization insurance and the current pension plan.

13. Provide source documents for sales usage from the City of Walton for the months of July, August, September and October.

14. An analysis of Maintenance of Pumping Equipment for the test period. This should include a complete breakdown of this account and also provide all detailed work papers supporting this analysis. At minimum, the work papers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure. In addition explain all costs that were considered non-recurring in the analysis of the pro forma adjustment and the accounting treatment of these costs. Explain the company procedure which relates to the capitalization and expensing of maintenance costs.

15. Explain the basis for not deducting the pro forma adjustment to decrease pumping expense from the amount shown on line 8 of Item 1, page 4 of the information request of August 12, 1982.

16. What is the maximum water production capacity of Kenton County Water District #1?

17. How much of this capacity is currently being utilized by the water district?

18. Is everyone who desires water within the boundaries of the water district currently being served? Submit any feasibility studies that have been performed for possible extensions of lines?

19. Submit a 5 year analysis of the annual growth of the Kenton County Water District #1?

20. What are the prospects for the water district to annex additional territory?

Done at Frankfort, Kentucky, this 27th day of October, 1982.

PUBLIC SERVICE COMMISSION


By the Commission

ATTEST:

Secretary